



California Public Utilities Commission

Self-Generation Program and Other Key Issues

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Creation of Self-Generation Program

- Created by **AB970**, signed by Governor in September 2000, (PU Code Section 399.15(b))
- Developed in **crisis** atmosphere
- Designed to deploy as much new generation as possible **immediately**
- Interpreted by CPUC as Legislative desire to promote energy **self-sufficiency** as policy goal

Self-Generation Program

Financial Incentives

Technology	Incentive per watt	Up to maximum % of project costs
Photovoltaics, wind turbines, fuel cells (renewable fuel)	\$4.50	50%
Fuel cells (nonrenewable) utilizing waste heat recovery	\$2.50	40%
Microturbines, internal combustion engines, and small gas turbines utilizing waste heat recovery	\$1.00	30%



Results So Far (Jan.2002)

Administrator	Budget thru 2004 (\$mil)	Applications Received	Budget (\$mil) Requested	Total kW of applications
PG&E	\$240	81	\$50.9	27,544
SCE	\$130	42	\$15.4	14,901
SDREO	\$62	29	\$13.1	8,644
SoCalGas	\$68	N/A	N/A	N/A
Total	\$500	152	\$79.4	51,089



Self-Gen Applications by Technology

Technology Category	Proposed kW	kW %	Requested Incentive (\$ mil)	Incentive %
Level 1	12,620	25%	\$50.9	64%
Level 2	1,200	2%	\$2.9	4%
Level 3	37,269	73%	\$25.6	32%
Total	51,089	100%	\$79.4	100%



Message from Commissioner Bilas

- “DG is good. It should be cheap.”
- (A phrase apparently once suggested as the text of the CEC’s biennial Electricity Outlook)
- We hope it can apply equally to DG!
- September 11 makes investment in DG even more important (security and diversity)



Near-term CPUC Action Items

- Implementation of net metering tariffs for systems up to 1 MW
 - on 2/7/02 agenda (as required by ABx1 29)
- Work of interconnection standards working group is ongoing
- DG Rulemaking still open and active:
 - next up: applicability of interconnection study fees, distribution system modifications, or application review fees to net-metered DG

Ongoing CPUC Challenges in the “Details”

- “Rate” issues:
 - Net metering tariffs
 - Standby charges/waivers
 - Interconnection studies, etc.
- **Cost-effectiveness** issues (important to create level playing field):
 - Location and timing value
 - Internalization/valuation of externalities (environmental, economic development, etc.)



Longer-Term Policy Challenges

- Role of DG in resource planning
- Market structure and role of distribution utility
- Need for financial incentives or financing using public or ratepayer funding
- Appropriate and non-duplicative roles for state agencies involved